

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY (CAMDEN)**

Caption in Compliance with D.N.J. LBR 9004-2(c)

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In Re:
SHAPES/ARCH HOLDINGS, L.L.C., et al.

Case No. 08-14631-GMB (Jointly
Administered)

Chapter 11

Judge Gloria M. Burns

Hearing Date: April 17, 2008 at 10:00 a.m.

**RESPONSE AND RESERVATION OF RIGHTS OF
THE CIT GROUP/BUSINESS CREDIT, INC., FOR ITSELF
AND AS AGENT, TO DEBTOR'S DISCLOSURE STATEMENT**

The CIT Group/Business Credit, Inc. ("CIT"), for itself and as agent for certain lenders currently consisting of CIT, JPMorgan Chase Bank, N.A. and Textron Financial Corporation (the "Revolving Credit Lenders"), by and through their undersigned attorneys, files the following response and reservation of rights with respect to the Debtor's Disclosure Statement pursuant to 11 U.S.C. § 1125 and Federal Rule of Bankruptcy Procedure 3017(a), and in support thereof, avers that:

BACKGROUND

1. On March 16, 2008 (the “Petition Date”), Shapes/Arch Holdings, L.L.C. and its subsidiaries, Shapes L.L.C., Delair L.L.C., Accu-Weld L.L.C. and Ultra L.L.C. (collectively, the “Debtors”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”). Since filing their petitions for relief, the Debtors have continued to operate their businesses and have maintained possession of their assets as debtors-in-position pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. Simultaneously with the filing of their bankruptcy petitions, the Debtors filed a Joint Chapter 11 Plan of Reorganization (the “Plan”), and a Joint Disclosure Statement for the Debtors’ Joint Plan of Reorganization (the “Disclosure Statement”).

3. By order dated March 18, 2008, the Debtors’ respective bankruptcy cases are being jointly administered in this proceeding.

4. Pursuant to the terms of that certain Interim Order pursuant to Section 364(c) of the Bankruptcy Code, and Rule 4001 of the Federal Rules of Bankruptcy Procedure (Docket No. 39) (the “Interim Order”), this Court authorized the Debtors to enter into that certain debtor-in-possession revolving credit financing agreement with CIT and the Revolving Credit Lenders pursuant to which, in accordance with the terms and conditions of that financing agreement, the Interim Order and the related “Financing Agreements” (as defined in the Interim Order), the Revolving Credit Lenders have provided a credit facility to the Debtors in the maximum amount of up to Sixty Million Dollars (\$60,000,000.00).

5. Over the course of the past several weeks, CIT and the Revolving Lenders, through counsel, have provided various comments and suggested changes to the Disclosure Statement (and to the Plan) to counsel for the Debtors and counsel for the “Plan Funders,” as

defined in the Plan. While many of the changes suggested to the Disclosure Statement have been made, as of the date and time of the filing of this response and reservation of rights, there are certain additional changes which have been requested by CIT and the Revolving Lenders to the Disclosure Statement that, in the view of CIT and the Revolving Lenders, are necessary in order to make the Disclosure Statement accurate and compliant with the adequate information requirements of Section 1125(a) of the Bankruptcy Code.

6. Pending a review of a final form of a revised Disclosure Statement (and, correspondingly, the revised Plan), CIT and the Revolving Credit Lenders reserve the right to raise at the hearing with respect to adequacy of the Disclosure Statement any items which it believes are not fully or adequately addressed in the Disclosure Statement. CIT and the Revolving Lenders also reserve all of their rights with respect to the Plan and all other matters in this bankruptcy proceeding.

Respectfully Submitted,

STRADLEY, RONON, STEVENS & YOUNG, LLP

Dated: April 16, 2008

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